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*Cap
report*

Biltmore



FOR THE LOOK
IT GIVES YOU

DOBBS



KNOX



Biltmore Hats
GUELPH CANADA *Limited*

Buckley



BROOKS



ANNUAL REPORT

1968

Morgan



Biltmore



Canadian Beaver
by **BILTMORE**
GUELPH, CANADA



BILTMORE HATS LIMITED

INFORMATION CIRCULAR

as of December 24th, 1968

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Biltmore Hats Limited (the Company) of proxies to be used at the annual meeting of shareholders of the company to be held at the time and place and for the purposes set forth in the above notice of meeting. It is expected that the solicitation will be primarily by mail. The cost of solicitation by management will be borne by the company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO** either by inserting such person's name in the blank space provided in the form of proxy and striking out the names of the three specified persons or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Secretary of the Company.

A shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and delivering it to the Secretary of the Company or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS, AND FOR THE OMISSION OF SALES FIGURES FROM THE FINANCIAL STATEMENTS AND FOR THE ELECTION OF DIRECTORS AND FOR THE APPOINTMENT OF AUDITORS AND FOR APPROVAL AND RATIFICATION OF ALL ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendment, variations or other matters to come before the meeting other than the matter referred to in the notice of meeting.

VOTING SHARES

On December 24, 1968, the Company had outstanding 40,000 common shares without par value and 40,000 cumulative preferred \$1.00 dividend non-redeemable participating class "A" shares without par value.

Holders of outstanding common shares on January 17, 1969 will be entitled to one vote for each common share held.

Holders of class "A" shares are invited by the Chairman to attend the Annual Meeting, however, they do not have the right to vote at this Annual Meeting.

Other than the directors whose shareholdings are listed separately in this circular, the following is the beneficial owner of more than 10% of the equity of the company.

	CLASS "A"		COMMON	
	# OF SHARES	% OF TOTAL	# OF SHARES	% OF TOTAL
Brant Investments Limited	2,200	5.5	9,600	24.0

ELECTION OF DIRECTORS

The board consists of five directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the board of directors and have been since the dates indicated.

The management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws.

The following tables and the notes thereto state the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the year in which they became directors of the Company, and the approximate number of shares of each class of the Company beneficially owned directly or indirectly by each of them, as of December 24, 1968.

NAME		BECAME DIRECTOR	COMMON SHARES
W. F. Franke, Chairman	Gentleman	1929	100
N. McMillan, President and Director	Executive	1951	9,362
M. L. Wills, Vice-President and Director	Vice-President, Canadian General Investments Ltd.	1959	1,000
L. D. Griffiths, Director	President, Laura Secord Candy Shops Ltd.	1965	50
D. M. McMillan, Vice-President and Secretary	Executive	1965	10,301

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

- (1) Aggregate direct remuneration paid or payable in 1968 to the directors and senior officers of the Company and its subsidiary was:
By the Company \$87,650.
- (2) Estimated aggregate cost to the Company and its subsidiary in 1968 of all pension or retirement benefits proposed to be paid to the directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age . . . \$12,313.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Winspear, Higgins, Stevenson and Doane, Chartered Accountants, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Messrs. Winspear, Higgins, Stevenson and Doane have been auditors of the Company for more than five years.

SALES FIGURES

The shareholders of the Company are being asked to approve by a two-thirds majority of the votes cast at the meeting, the omission from the financial statements and interim financial statements of the Company, the amount of sales or gross revenue derived from the operations of the Company (except as to the percentage increase or decrease thereof). The Company feels that the disclosure of this information to the competitors of the Company would be prejudicial to the interests of the Company.

The Company has obtained an order from the Supreme Court of Ontario and from the Ontario Securities Commission permitting the omission of such sales and gross revenue figures provided the approval of two-thirds of the shareholders is obtained. The persons named in the enclosed form of proxy intend to vote in favour of the omission of such figures. In the event that the shareholders do not approve of the omission, then these figures will be divulged at the Annual Meeting.

ACTS AND PROCEEDINGS OF THE DIRECTORS AND OFFICERS

Persons named in the enclosed form of proxy intend to vote in favour of approving and ratifying all acts and proceedings of the Board of Directors and of the Officers of the Company since the last Annual Meeting of Shareholders as set forth or described in the Minute Books or in the Financial Statements of the Company.

GENERAL

Information contained herein is given as of December 24, 1968. The Management knows of no matters to come before the annual general meeting of shareholders other than the matters referred to in the notice of meeting. If any matters which are not now known should properly come before the meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person voting it.

Biltmore Hats

GUELPH CANADA *Limited*

DIRECTORS

WILLIAM F. FRANKE
NORMAN McMILLAN
MARTIN L. WILLS
D. MICHAEL McMILLAN
LEONARD D. GRIFFITHS

GUELPH, ONTARIO
GUELPH, ONTARIO
TORONTO, ONTARIO
GUELPH, ONTARIO
TORONTO, ONTARIO

OFFICERS

WILLIAM F. FRANKE
NORMAN McMILLAN
D. MICHAEL McMILLAN
MARTIN L. WILLS
GEORGE R. KINGSBURY
JOSEPH G. WEIST

CHAIRMAN OF THE BOARD
PRESIDENT
VICE PRESIDENT & SECRETARY
VICE PRESIDENT
COMPTROLLER
MANUFACTURING MANAGER

REGISTRAR AND TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY, TORONTO

HEAD OFFICE

139 MORRIS ST.

GUELPH, CANADA

SALES OFFICES

VANCOUVER CALGARY EDMONTON
SASKATOON WINNIPEG
TORONTO OTTAWA
MONTREAL QUEBEC CITY HALIFAX
ST. JOHN'S Nfld.

ANNUAL GENERAL MEETING OF SHAREHOLDERS
JANUARY 29, 1969

The President's Report

TO OUR SHAREHOLDERS:

Your Directors are pleased to present the Consolidated Balance Sheet, Statement of Profit and Loss, and Surplus, and the Statement of Source and Application of Funds of your company for the year ending October 31, 1968.

DIVIDENDS:

Dividends of \$1.00 per share were paid on class "A" stock and .40 per share on common shares of the company during the year for a total of \$56,000. This is the 40th consecutive year a dividend has been paid.

EARNINGS:

The consolidated net earnings for the year 1968 are \$58,547 after taxes and all other charges which is a decrease of 7.3% from the net earnings in 1967 of \$63,169. Earnings on the combined class "A" and common shares are .73 a share in 1968 compared to .79 a share in 1967.

MANUFACTURING:

The company was struck by the United Hatters from February 16, 1968 to April 26, 1968. This long strike adversely affected the company's production during and after the strike period. The supervisors and staff of the company did an extremely commendable job in keeping operations at reasonable levels and mitigating the affects of the strike wherever possible. The outlook is for increased labour costs per man hour which we hope and will endeavor to offset by increased productivity per man hour.

MARKETING:

A decline of 9.9% in the company's sales was a contributing factor to decreased earnings. Reduced sales at the retail level and the above mentioned strike both affected the company's shipments for 1968.

The company's share of the Canadian Men's Headwear market was maintained in 1968 through its continued aggressive merchandising practices and the loyalty of its customers.

FINANCIAL:

Working Capital increased by \$70,278 in 1968 with a consolidation of the fabric hat manufacturing facility into the Guelph Plant.

DIVERSIFICATION:

In the latter part of 1968 the company established a new division to develop and distribute products for the recreational market. At this time several products are under development but none have yet been marketed.

GENERAL:

As Biltmore Hats Limited is the only publicly owned manufacturer of Men's Headwear listed on any Canadian Stock Exchange, the government has approved the omission of our sales figures pending approval by our shareholders.

We extend thanks for the full support and co-operation of our co-workers as well as thousands of retailers from coast to coast all of whom have contributed to our operations in 1968.

On behalf of the Board of Directors,

Norman McMillan, President.

DOBBS



The International Look

by **DOBBS**
GUELPH, CANADA



Biltmore Hats Limited

GUELPH CANADA

AND ITS WHOLLY OWNED SUBSIDIARY

CONSOLIDATED BALANCE SHEET

(WITH COMPANIES)

ASSETS

Current	1968	1967
Cash.....	\$ 401	\$ 464
Receivables less allowance for doubtful accounts.....	1,214,104	1,227,023
Inventories (Note 1).....	641,181	819,355
Prepaid expenses.....	13,136	24,091
	<u>\$ 1,868,822</u>	<u>\$ 2,070,933</u>
 LIFE INSURANCE — cash surrender value	 29,913	 24,525
SPECIAL REFUNDABLE TAX		3,263
LAND, BUILDING, MACHINERY AND EQUIPMENT (Note 2).....	351,049	370,905
Other — at cost.....	16,680	16,680
	<u>\$ 2,266,464</u>	<u>\$ 2,486,306</u>

AUDITOR'S REPORT

To the Shareholders

We have examined the consolidated balance sheet of Biltmore Hats Limited and its wholly owned subsidiary as at October 31, 1968 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Guelph, Ontario,
Dec. 10, 1968.

WINSPEAR, HIGGINS, STEVENSON AND DOANE
Chartered Accountants.

SHEET, OCTOBER 31, 1968

(COMPARATIVE FIGURES)

LIABILITIES

Current	1968	1967
Bankers' advances.....	\$ 632,065	\$ 872,123
Payables and accruals.....	326,437	355,250
Taxes other than income.....	58,070	61,588
	<u>\$ 1,016,572</u>	<u>\$ 1,288,961</u>
Long-Term		
Capital bank loan — 6¾% due 1970		
less current portion.....	50,000	
	<u>\$ 1,066,572</u>	<u>\$ 1,288,961</u>

SHAREHOLDERS' EQUITY

Capital Stock		
Authorized		
50,000 cumulative preferred \$1.00 dividend		
non-redeemable participating class "A" shares		
without par value		
50,000 common shares without par value		
Issued and outstanding		
40,000 class "A" shares and		
40,000 common shares	\$ 85,475	\$ 85,475
Retained Earnings	1,114,417	1,111,870
	<u>\$ 1,199,892</u>	<u>\$ 1,197,345</u>
	<u>\$ 2,266,464</u>	<u>\$ 2,486,306</u>

See notes to consolidated financial statements

Approved on behalf of the Board of Directors

N. McMILLAN, Director.

D. M. McMILLAN, Director.



Biltmore Hats Limited

GUELPH

CANADA

AND ITS WHOLLY OWNED SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED OCTOBER 31, 1968

(with comparative figures)

	1968	1967
Income for the year before the following deductions.....	\$ 127,717	\$ 156,402
Provision for depreciation of building, machinery and equipment.....	\$ 32,558	\$ 34,482
Interest on long-term debt.....	4,612	3,750
	<u>\$ 37,170</u>	<u>\$ 38,232</u>
Net income before taxes.....	\$ 90,547	\$ 118,170
Provision for income taxes.....	32,000	55,000
Net income.....	<u>\$ 58,547</u>	<u>\$ 63,170</u>
Retained earnings at beginning of year.....	1,111,870	1,104,700
	<u>\$ 1,170,417</u>	<u>\$ 1,167,870</u>
Dividends		
Class "A".....	\$ 40,000	\$ 40,000
Common.....	16,000	16,000
	<u>\$ 56,000</u>	<u>\$ 56,000</u>
Retained earnings at end of year.....	<u>\$ 1,114,417</u>	<u>\$ 1,111,870</u>

See notes to consolidated financial statements

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED OCTOBER 31, 1968

(with comparative figures)

Source	1968	1967
Net income.....	\$ 58,547	\$ 63,170
Depreciation.....	32,558	34,482
Funds from operations.....	\$ 91,105	\$ 97,652
Proceeds of long-term debt.....	100,000	
Reduction of Special Refundable Tax.....	3,263	
	<u>\$ 194,368</u>	<u>\$ 97,652</u>
Application		
Capital expenditures (net) for land, building, machinery and equipment.....	\$ 12,702	\$ 105,303
Investments.....		1,680
Payment of special refundable tax.....		1,265
Payment of dividends		
Class "A" shares.....	40,000	40,000
Common shares.....	16,000	16,000
Reduction of long-term debt.....	50,000	25,000
Increase in life insurance cash surrender value.....	5,388	5,147
	<u>\$ 124,090</u>	<u>\$ 194,395</u>
Increase (decrease) in working capital.....	\$ 70,278	(\$ 96,743)
Working capital at beginning of year.....	781,972	878,715
Working capital at end of year.....	<u>\$ 852,250</u>	<u>\$ 781,972</u>

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 1968

(with comparative figures)

1. Inventories

At lower of cost and market value	1968	1967
Materials and supplies.....	\$ 248,799	\$ 301,400
In process.....	105,459	82,412
Finished — manufactured.....	255,063	368,207
— jobbing.....	31,860	67,336
	<u>\$ 641,181</u>	<u>\$ 819,355</u>

2. Land, building, machinery and equipment

	1968		1967	
	Cost	Accumulated depreciation	Net book value	Net book value
Land.....	\$ 1,850		\$ 1,850	\$ 1,850
Building.....	422,544	\$ 139,185	283,359	297,552
Machinery and equipment..	826,117	766,909	59,208	66,207
Automotive equipment.....	14,406	7,774	6,632	5,296
	<u>\$ 1,264,917</u>	<u>\$ 913,868</u>	<u>\$ 351,049</u>	<u>\$ 370,905</u>

3. Sales for the year decreased 9.9% compared with the preceding year.

4. Remuneration paid or payable to directors and senior officers was \$87,650 (1967 \$90,600) for the year which includes \$56,800 (1967 \$59,300) received by directors as directors and officers.

KNOX



The Casual Hat

by **KNOX**

GUELPH, CANADA

Biltmore

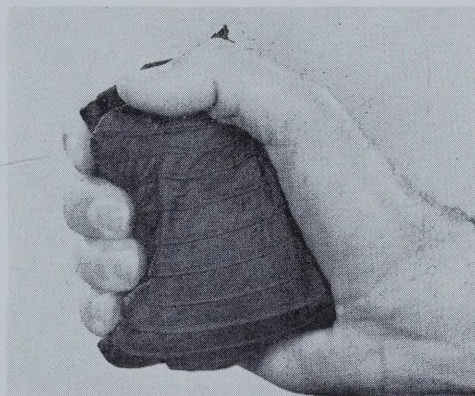
DOBBS

KNOX

Pocket Pak A NEW KIND OF HAT



PACK IT



CRUSH IT



IT STILL ENDS UP LOOKING LIKE NOTHING EVER HAPPENED

On September 3, 1968 Biltmore Hats Limited was granted Canadian Patent Number 793503 covering the Pocket Pak method of construction.

by **BILTMORE**
GUELPH, CANADA

